SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0150
Author:	Shealy
Requestor:	Senate General
Date:	March 17, 2016
Subject:	SC Child Welfare Reform Act
RFA Analyst(s):	Fulmer, Gardner, and Wren

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	See Below	$0
Other and Federal	See Below	$0
Full-Time Equivalent Position(s)	See Below	0.00
State Revenue		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Local Expenditure	See Below	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

This bill transfers $245 million and 1,183 FTEs from the Economic Services programs of the Department of Social Services (DSS) to the Department of Health and Human Services (DHHS). The transfer of Economic Services would transfer 19 federal grants currently received by DSS to include TANF funds. Child Welfare and Adult Advocacy programs at DSS are substantially funded by the Temporary Assistance for Needy Family (TANF) grant and Social Services Block Grant (SSBG) but would remain with the new agency. In order to maintain the current level of services for Child Welfare and Adult Advocacy based on revised cost allocation plans that require a state match, there would be a General Fund expenditure impact of $3,509,311 for administrative functions. Additionally, Department of Family Protective Services (DFPS) would need to retain $48,759,858 of TANF funds to continue to provide Child Welfare and Adult Advocacy Services at the current level of service. The new DFPS would be comprised of 2,602 FTEs. As noted below, the affected agencies might experience some one-time expenditures associated with the transition. The county office repurposes funds received from overpayment of TANF or SNAP benefits to enhance the quality of services provided to DSS clients or a person who has custody of a DSS client which amounts to approximately $1.4 million annually. If the TANF and SNAP programs that are part of Economic Services are transferred to DHHS, the county offices will have to find funding alternatives through the counties or the state or discontinue providing those services. Due to the limited responses received from county governments, the Revenue and Fiscal Affairs Office indicates the impact on local expenditures is not anticipated.

Explanation of Fiscal Impact

State Expenditure
This bill restructures the Department of Social Services (DSS), transferring components of Economic Services to the Department to the Department of Human Services (DHHS) and creating the Department of Family Protective Services (DFPS) to administer the remaining programs at the Department of Social Services.

Department of Social Services. This bill transfers Economic Services from DSS to DHSS which would total $18,609,151 in General Funds, $10,678,178 in Other Funds, and $215,674,669 in Federal Funds as well as 1,183 FTEs. Funding for Economic Services at DSS includes the Child Welfare programs, which are substantially funded by the Temporary Assistance for Needy Families (TANF) program and Social Services Block Grant (SSBG) program. This funding for Child Welfare is based on a state plan by DSS that received a federal waiver that allows TANF funds to be used for Child Welfare and Adult Advocacy. With restructuring, DHHS would be required to ask for a waiver to from the U.S. Administration for Children and Families in order to allow TANF funds sent to DHHS to be used by the DFPS for the purposes of Child Welfare and Adult Advocacy. Also, TANF funds require no state match and is a major part of DSS's cost allocation plan which support total administrative costs. In the event that the waiver is not maintained, DFPS would require $48,759,858 in General Funds to replace the loss in federal funding for Child Welfare and Adult Advocacy services or the agency would have to reduce its Child Welfare and Adult Advocacy services and would impact approximately 570 FTEs and approximately 15,000 child and adult clients. TANF funds are also used to cover administrative expenses at DSS which would not be part of the transfer to DHSS. Updating their cost allocation for the loss of the Economic Services which includes TANF funds results in a loss of $3,509,311 for administrative expenses that would require either an appropriation from the General Fund or a reduction in staff. The agency does not anticipate additional costs for the transfer of information technology services.

Department of Health & Human Services (DHHS). This bill moves the Economic Services responsibilities at DSS to DHHS. We anticipate that any increase in administrative costs for DHHS would be funded with the transfer of federal grant funding. DHHS has noted a potential concern with costs for additional lease space and as well as with average salaries for frontline DHHS employees being below that of frontline DSS employees. The lease expenses would be covered by the transferred funds but any salary adjustments would be come from existing DHHS funds. The impact of TANF funding on DHHS and its cost allocation have yet to be determined. More specifically, it is not yet known how this source of funds would impact the total state match requirement and any possibility to offset any increased General Fund costs to DSS. DHHS estimates future savings if a common eligibility platform can be developed.

Department of Administration. This bill directs the Department of Administration to take all necessary actions to accomplish the transfer of employees, appropriations, and assets. If the existing organizational units for the Department of Social Services cannot remain intact within the SC Enterprise Information System (SCEIS), it would require new master data, organizational structure, roles mapping, approvals, and procurement structures. If so, DOA estimates staff time non-recurring General Fund expenditure impact would be $203,960. If existing organizational units within the Department of Social Services are maintained and only renamed the Department of Family Protective Services, this would result in an overall reduction in time of 33% and reduce the expenditure impact to $172,031.

Attorney General's Office, State Treasurer's Office Judicial Department, Department of Revenue, Department of Motor Vehicles, Department of Employment and Workforce, and the State Law Enforcement Division. These agencies indicate this bill will have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

State Revenue
N/A

Local Expenditure

Currently, DSS county offices collect debts owed by clients for the overpayment of SNAP and TANF benefits. The county office repurposes those funds to enhance the quality of services provided to DSS clients or a person who has custody of a DSS client. Some examples of basic client needs include food purchases, rental assistance for clients to stay in their residences, utility payment assistance for basic utilities, clothing necessary to attend job interviews, school uniforms, winter coats, etc. These funds are also used to buy supplies, equipment, and other operating costs at the county offices as needed. On average the county offices collect $1,400,000 per year. If the TANF and SNAP programs that are part of Economic Services are transferred to DHHS, the county offices will have to find funding alternatives through the counties or the state or discontinue providing those services.

The Revenue and Fiscal Affairs Office contacted twenty-five county governments and the Municipal Association of South Carolina regarding the expenditure impact of this bill. Although only one of the surveyed counties responded, we do not anticipate that this bill will have an expenditure impact on county governments. The Municipal Association also indicates that this bill will have no expenditure impact on municipal governments.

Local Revenue
N/A

Frank A. Rainwater, Executive Director